

FISCAL MANAGEMENT OF FEDERAL FUNDS FOR INDEPENDENT CHARTER SCHOOLS

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2016 Federal Funding Conference

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Uniform Grant Guidance (UGG)

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- 2 CFR Part 200
- Streamlines the Office of Management and Budget (OMB) Circulars into one, comprehensive policy guide
- Establishes requirements that apply to all Federal grants
 - Additional requirements may be imposed by Federal granting agencies, pass-through agencies, and/or grant specific terms.
- Effective for the Federal grants awarded beginning with the 2015-16 fiscal school year

OTHER UGG RELATED SESSIONS DURING THE 2016 FEDERAL FUNDING CONFERENCE

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<http://dpi.wi.gov/wisegrants/federal-funding-conference>

- Internal Controls, Policies, and Written Procedures – Kathy Guralski
- Allowable Costs Under UGG – Shelly Babler and Rachel Zellmer
- Property and Procurement– Rachel Zellmer

§200.302 (a)

Financial Management

The non-Federal entity's financial management system:

- Including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award,
- Must be sufficient to permit the preparation of reports (budgets, claims, financial statement, etc.) required by general and program-specific terms and conditions

§200.302 (a)

Financial Management

The non-Federal entity's financial management system must:

- Be sufficient to trace funds to a level of expenditures adequate to establish that such funds have been used in accordance with Federal statutes, regulations, and the terms and conditions of the Federal award.
 - General ledger must track federal funds separately by grant program (WUFAR = project code)

Tracking or Cross-walking Expenditures

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- Wisconsin Uniform Financial Accounting Requirements (WUFAR) – chart of accounts
- Subrecipients are not required to use as an accounting system, but are required to use in reporting to DPI
 - Object
 - ✦ Service or commodity acquired
 - ✦ Salaries, fringe benefits, purchased services, non-capital objects, capital objects, insurance and judgments
 - Function
 - ✦ Purpose for which an object is used
 - ✦ Instruction, support services
 - Project
 - ✦ Identify the activity
 - ✦ IDEA, Title I, state special education aid, USDA food programs

§200.302

Financial Management

(b)(1)

The non-Federal entity's financial management system must:

- Identify, in its accounts, all Federal awards received and expended, by Federal program. This identification must include CFDA title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity

Grant File

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Notification of subaward will include:

- CFDA title and number
- Federal award identification number and year
- Name of the Federal agency
- Name of the pass-through entity
- All grants from DPI will have a notification of subaward
- Keep the subaward for audit or monitoring

1138 Notification Federal Grant Subaward.pdf - Adobe Reader

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FEDERAL AWARD INFORMATION		
Federal Award Name ⁽²³⁾	Name of Federal Agency ⁽²⁴⁾	
Federal Award Identification Number (FAIN) ⁽²⁵⁾	Federal Award Date ⁽²⁶⁾	
Current Total Federal Award Amount ⁽²⁷⁾	Expected Total Federal Award Amount ⁽²⁸⁾	
CFDA Number ⁽²⁹⁾	CFDA Name ⁽³⁰⁾	CFDA Amount Made Available ⁽³¹⁾
Federal Award Project Description ⁽³²⁾		

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§200.302

Financial Management

(b)(2)

The non-Federal entity's financial management system must:

- Contain accurate, current and complete information to support financial results of each Federal award or program

§200.302

Financial Management

(b)(3)

The non-Federal entity's financial management system must:

- Have records that identify adequately the source and application of funds for federal-funded activities
- Records that contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

Grant File/Accounting System

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Records show:

- Amount of funds awarded under the grant
- How the funds will be used
- Funds spent
- Funds received
- Remaining funds not yet used
- Total cost of the project/program
- Share of the cost provided from other sources
- Allocation of cost

Accounting Records

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- Common errors
 - LEA does not create an accounting record for each grant and post expenditures to that account. Rather the LEA just identifies expenditures for grant reimbursement
 - Expenditures are originally reported to a general account and later reclassified
 - Accounting records do not integrate and track against the grant's approved budget
 - Accounting record cannot be used for budget control when expenditures are not posted to the grant as they occur and when they are not tracked against an approved budget

§200.302

Financial Management

(b)(4)

The non-Federal entity's financial management system must:

- Have effective control over, and accountability for, all funds, property and other assets

Internal Control

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- Internal controls that separate duties from being performed by one individual and strengthen accountability for all cash activity
 - No one person should be able to both authorize a transaction and record the transaction in the accounting record
- Controls over processing of cash receipts, disbursements and payroll

§200.302

Financial Management

(b)(4)

The non-Federal entity's financial management system must:

Adequately safeguard all assets and assure that they are used solely for authorized purposes

- Computers
- iPads
- Instructional materials
- SMART boards
- Supplies

Procedures / Safeguarding Assets

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Identify

- How the property purchased with federal funds will be tracked (location / disposal)
- How staff using the property are informed of the purpose
- How property will be safeguarded; and handled in cases of damage or theft

Be able to answer these questions

- 1) Where is it?
- 2) How is it being used to meet the program goals?
- 3) If no longer used by the program, why not?

§200.302

Financial Management

(b)(5)

The non-Federal entity's financial management system must:

- Be able to compare expenditures with approved grant budgeted amounts

Budget Control

- Grant funds cannot be expended on an activity until that activity has been approved in the budget
- When grant is awarded, the LEA has the authority to fund the activities at the amounts approved in the budget
- If it is not approved in the budget, it is not an allowed cost - even if it would otherwise be an allowable cost
- Claims, even though “rolled up,” must align with detailed budget

Budget Control

- Accounting records should have budget lines for each general area of planned expenditures
- Provision to track expenditures and available balances against each budget line
- Post expenditures as they occur directly to the appropriate budget line within the grant's accounting record
- Whenever changes are planned, review whether an amendment is required and obtain approval for proposed changes before expenditures are made

Budget Control

- During the year, funding strategies may change for a variety of reasons
- Approval shall be obtained whenever any of the following changes is anticipated under a non-construction award:
 - Revision which would result in the need for additional funding
 - Cumulative transfers among direct cost categories, or among separately budgeted programs, projects, functions, or activities which exceed or are expected to exceed ten percent of the current total approved budget

UGG REQUIRED WRITTEN PROCEDURES

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- **Cash Management - §200.302(b)(6)**
 - Including claiming grant funds (payments) - §200.305
- **Allowability of Costs - §200.302(b)(7)**
 - Including Compensation (and Time and Effort) - §200.430-.431
- **Procurement §200.318-.326**
 - Including Conflict of Interest - §200.318(c)
 - Including Competition - §200.319(c)
- **Should have written procedures for all activities that are considered key to the operations of the entity**

WRITTEN PROCEDURES

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- Are required by the UGG for internal controls related to federal grants
- Are typically a detailed step by step guide of how a procedure is performed
- Should establish who is responsible for which steps

WRITTEN PROCEDURES

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- Should ensure appropriate individuals are involved in the process
- Should ensure appropriate segregation of duties, monitoring, verification, and reporting
- Should be reviewed and updated frequently
- Are critical when there is staff turnover and to adequately train new staff

WRITTEN PROCEDURES RESOURCES

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- **DPI UGG Resources**
 - <http://dpi.wi.gov/wisegrants/uniform-grant-guidance>
- **WASBO Federal Funds Procedural Manual**
 - [http://www.wasbo.com/WASBO/Resources/Federal Funds Procedural Manual.aspx](http://www.wasbo.com/WASBO/Resources/Federal_Funds_Procedural_Manual.aspx)
- **Code of Federal Regulations – UGG – 2 CFR 200**
 - http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
- **2016 Federal Funding Conference Presentations**
 - <http://dpi.wi.gov/sites/default/files/imce/wisegrants/pdf/internal-controls-written-procedures-ppt.pdf>

§200.302

**Financial
Management**

(b)(6)

CASH MANAGEMENT

The non-Federal entity's financial management system must have:

- Written procedures regarding cash management and claiming of federal funds (payments)

Written Procedures / Claiming Process

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Procedures that will walk through beginning to end your LEA's claiming process

Ask yourself:

- Who prepares the claim
- How are costs determined
- How are costs determined allowable
- How are costs compared to budget
- Who reviews the claim
- Who approves the claim
- Who signs the claim

(When you provide a written procedure to an auditor they should be able to walk through the process and see appropriate supporting documentation, signatures and sign off as indicated in the procedures)

§200.302

Financial Management

(b)(7)

ALLOWABILITY OF COSTS

The non-Federal entity's financial management system must have:

- Written procedures for determining the allowability of costs prior to claiming grant fund

§200.403

Factors affecting allowability of costs

- Uniform Grant Guidance – Part E - Cost Principles
- Cross cutting federal statutes/regulations
 - ✦ i.e. EDGAR
- Program statute and regulations
 - ✦ i.e. IDEA, ESEA, NSL, etc.
- Terms and conditions of the federal award
 - ✦ Grant award
- Other governing regulations
 - ✦ State statutes
 - ✦ Entity policies
- Cost must also be:
 - ✦ Necessary, reasonable, allocable, conform to limitations, consistent, in accordance with GAAP, singular, documented

Written Procedures / Allowable Costs

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- Procedures that will walk through beginning to end of how all costs on a claim are determined allowable
 - Who determines the cost is allowable
 - How is that determination made
 - What resources are available for the individual(s) to make that determination
 - What training is provided to those who will be authorizing, entering, reviewing, approving, and certifying expenditures

§200.318

General Procurement Standards

Procurement

The non-Federal entity must:

- Use its own documented procurement procedures which reflect applicable State and local regulations, provided that the procurements conform to applicable Federal laws and the Uniform Grant Guidance

§200.318

General Procurement Standards

(c)(1)

CONFLICT OF INTEREST

The non-Federal entity must:

- Maintain written standards of conduct covering conflict of interest and governing the actions of its employees engaged in the selection, award and administration of contracts

Conflict of Interest (§200.318(c)(1))

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These written standards must include that:

- No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest

§200.319 Competition

(c)

Competition

The non-Federal entity must:

- Have written procedures for procurement transactions. These procedures must ensure they meet all solicitations requirements.

Competition Written Procedures

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Written procedures for procurement must ensure that all solicitations:

- Incorporate a clear and accurate description of the technical requirement
 - Description cannot contain features which unduly restrict competition (such as unnecessary experience or specifying only “brand name” products)
- Identify all requirements which the vendor must fulfill and all other factors to be used in evaluating bids or proposals
- Ensure maximum open and free competitions
 - Including when using prequalified lists

WRITTEN PROCEDURES RESOURCES

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- **DPI UGG Resources**
 - <http://dpi.wi.gov/wisegrants/uniform-grant-guidance>
- **WASBO Federal Funds Procedural Manual**
 - http://www.wasbo.com/WASBO/Resources/Federal_Funds_Procedural_Manual.aspx
- **Code of Federal Regulations – UGG – 2 CFR 200**
 - http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

Requested Written Procedures

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- Likely to be requested by your auditors
- May be requested by DPI
 - When there is non-compliance or suspected non-compliance regarding Federal grant funds
 - Single audit findings
- Corrective Actions
 - Create/update written procedures to be in compliance
 - Train staff on procedures
 - ✦ Funds may be withheld until corrective action has been implemented and reviewed by DPI

Other non-UGG items impacting 2r charter schools

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- Teacher and Administrator Licensing
- USDE Dear Colleague Letter
- Wisconsin Act 55 Law changes

Teacher and Administrator Licensing

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- Teacher and Administrator licensing and educational requirements for:
 - State Special Education funding
 - IDEA
 - Title programs
- Ensure all individuals have the appropriate licensing and educational requirements for the funding sources they are being claimed on
- Ensure licenses are renewed before expiration
- A lack of appropriate license and expired licenses have resulted in the required return of state and federal funds

USDE Dear Colleague Letter

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- DPI forwarded to charter school contacts on Nov 23, 2015
- USDE letter to all State Educational Agencies (SEAs) regarding charter schools
 - <http://www2.ed.gov/programs/charter/finalsignedcsp.pdf>
- Emphasizes SEAs role in helping ensure that Federal funds (CSP, IDEA, Title, etc.) to charter schools are used for intended and appropriate purposes.
 - Operational Oversight

USDE Dear Colleague Letter

- USDE emphasized areas:
 - Operational Oversight- audits, governing board conflicts of interest, related party transactions, segregation of duties, CMO and EMO management services and costs
 - CMO/EMO relationship transparency- transparency and oversight of relationships, conflicts of interest
 - Authorizer Practices- State laws regarding authorizer practices, sanctions or revocation of authority, monitoring and evaluating charter authorizers, authorizer accountability
 - Civil rights responsibilities and resolving discrimination complaints

Wisconsin Charter Law Changes

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- Wisconsin Act 55 changes summary:
 - <http://dpi.wi.gov/sites/default/files/imce/sms/doc/cs-law-changes.doc>
- School admission random selection requirements
- New 2r charter authorizer requirements
- New governance board requirements
- New charter school authorizers (2r and 2x)
- 2rs now eligible for state pupil transportation aid
- New indexing for 2r charter state per pupil aid
- Graduation Requirement – Civics Exam (beg. 16-17)

DPI Charter Schools Contacts

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Questions?

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Questions?